

## **RHS, RBS, RUS, FSA, USDA**

347, Consolidated Farm and Rural Development Act, as amended).

[50 FR 7296, Feb. 22, 1985, as amended at 53 FR 6786, Mar. 3, 1988; 54 FR 47197, Nov. 13, 1989; 55 FR 13503 and 15304, Apr. 11, 1990; 57 FR 21194, May 19, 1992; 61 FR 6309, Feb. 20, 1996]

### **§ 1942.3 Preparation of appraisal reports.**

When the loan approval official requires an appraisal, Form FmHA or its successor agency under Public Law 103-354 422-10, "Appraisal Report—Water and Waste Disposal Systems," may be used with appropriate supplements. Form FmHA or its successor agency under Public Law 103-354 442-10 may be modified as appropriate or other appropriate format may be used for facilities other than water and waste disposal. Appraisal reports prepared for use in connection with the purchase of existing essential community facilities or when required by § 1942.17 (g)(2)(iii)(B)(2), (g)(3)(iii)(B)(2), and (j)(4) of this subpart, may be prepared by the FmHA or its successor agency under Public Law 103-354 engineer/architect or, if desired by the State Director, some other qualified appraiser. The loan approval official may require an applicant to provide an appraisal prepared by an independent qualified appraiser; however, the loan approval official must determine that the appraised value shown in such reports reflects the present market value.

[50 FR 7296, Feb. 22, 1985, as amended at 53 FR 6786, Mar. 3, 1988]

### **§ 1942.4 Borrower contracts.**

The State Director will, with assistance as necessary by the Office of the General Counsel (OGC), concur in agreements between borrowers and third parties such as contracts for professional and technical services and contracts for the purchase of water or treatment of waste. State Directors are expected to work closely with representatives of engineering and architectural societies, bar associations, commercial lenders, accountant associations, and others in developing standard forms of agreements, where needed, and other such matters in order to expedite application proc-

essing, minimize referrals to OGC, and resolve problems which may arise.

### **§ 1942.5 Application review and approval.**

(a) *Procedures for review.* Ordinarily FmHA or its successor agency under Public Law 103-354 staff review will proceed as applications are being developed. An overall review of the applicant's financial status, including a review of all assets and liabilities, will be a part of the docket review process by the staff and approval officials. The engineering/architect reports and associated data are to be reviewed by the FmHA or its successor agency under Public Law 103-354 staff engineer or architect, as appropriate, as soon as available but prior to the District Director's completion of the project summary. During the review the District Director in all cases will make certain that no low income or minority community within the service area has been omitted or discouraged from participating in the proposed project. The District Director will also determine how the service area was defined to assure that gerrymandering of specific communities or areas has not occurred. The findings should be documented in the running record. Prior to presenting the assembled application to the approval official, the assembled application ordinarily will be processed in the following sequence:

(1) The District Director will complete the project summary including written analysis and recommendations using either Form FmHA or its successor agency under Public Law 103-354 1942-45, "Project Summary—Water and Waste Disposal and Other Utility-Type Projects," for utility type projects or Form FmHA or its successor agency under Public Law 103-354 1942-43, "Project Summary—Community Facilities (Other than utility-type projects)," for all other types of projects. The District Director will prepare a draft letter of conditions listing all the requirements which the applicant must agree to meet within a specific time.

(i) Requirements listed in letters of conditions will include the following

## **§ 1942.5**